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October 15, 2003

Mr. Gary Kinney  
Contracting Officer  
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20 Telavi Street  
Tbilisi, 380003, Georgia

RE: Contract No. EEU-I-00-99-00015-00, TO No. 809  
UI Project 06901-012, Georgia Local Governance Reform Initiative  
*Quarterly Task Order Progress and Cost Report, July to September 2003*

Dear Mr. Kinney:

Please find enclosed the *Quarterly Task Order Progress and Cost Report, July to September 2003, Georgia Local Governance Reform Initiative*. This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

Please direct any technical questions to Dr. William E. Krause at bill@urban.ge or (995) 32-22-5868. Questions of a contractual nature should be addressed to me at (202) 261-5396.

Sincerely,

Maria C. Andrade-Stern

Enclosures

cc: Joe Taggart (CTO, USAID Caucasus)  
Mike Keshishian (USAID/W)  
William E. Krause (UI/Tbilisi)  
USAID Development Clearinghouse  
IAC Deliverables File (06901-012)  
IAC Chron File

**QUARTERLY TASK ORDER  
PROGRESS AND COST  
REPORT**

**JULY TO SEPTEMBER 2003**

**GEORGIA LOCAL  
GOVERNANCE REFORM  
INITIATIVE**

Prepared for



Georgia Local Governance Reform Initiative  
United States Agency for International Development  
Contract No. EEU-I-99-00015-00, Task Order No. 809

Prepared by

William E. Krause  
*The Urban Institute*



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October 2003  
UI Project 06901-012

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### **ATTACHMENT**

Cost Report

## **QUARTERLY TASK ORDER PROGRESS AND COST REPORT**

**JULY TO SEPTEMBER 2003**

### **GEORGIA LOCAL GOVERNANCE REFORM INITIATIVE**

**Task Order No.:** EEU-I-00-99-00015-00, Task Order No. 809

**Date of Issuance:** September 15, 2000

**Amount Obligated Under Task Order:** \$6,441,367

**Total Potential Task Order Amount:** \$6,640,576

**Dollars Expended To-date:** \$4,807,311

**Key Personnel:** William E. Krause, Chief of Party, Tbilisi,  
Georgia, 995 32 22 5868, 995 32 25 0257,  
billkrause@attglobal.net

#### **Task Order Description**

The overall objective of this project is:

- More efficient and Responsive Local Governance in Georgia (USAID Strategic Objective 2.3)
- Immediate Results which should advance the objective, include the following:
  - Increased Community Participation in Local Government Oversight and Political Processes
  - Increased Capacity of Local Governments to Plan and Manage Resources
  - Increased Partnerships between Local Government, Business and Communities to Provide Services

A revised Task Order was issued on August 1, 2003. The program objectives are:

1. Increased and improved communications among all sectors in the targeted communities
2. Continued improvement of community-based service delivery through increased capacity-building activities
3. More comprehensive community development approach with special consideration for community-based development plans that include economic development

4. Development of viable local governance and other associations supporting community empowerment
5. Continued improvement of national legislation that further improves the environment for community empowerment

## **I. HIGHLIGHTS**

### **Financial Management**

- Series of intensive financial management training has started for the two groups of Georgian local governments. The first stage of the training is complete.
- Implementation of the program budget techniques has started in ten more local governments.
- The process of reforming the financial management/accounting systems was initiated in five additional cities and rayons. The process will cover twenty jurisdictions in Georgia.
- Four cities are engaged in the improvement of the financial management system for the water supply enterprises.
- The UI budget and finance team has developed software for automated budgetary data processing.
- Teaching of financial management courses at GIPA as part of building sustainable educational institution has taken place.
- The case study about reforming city of Lagodekhi's budget has been accepted by the International Journal for Public Administration.
- Introduction of Computerized International Accounting Standard has been completed in Poti water department.
- The Customer Database Program has been installed in Poti water department.
- Draft tariff calculation rules for Georgian water departments have been developed.

### **Legislation**

- Training for Social Infrastructure Fund project staff on local legislation issues was provided.
- ABA together with Anticorruption Bureau organized a meeting to establish a coalition of NGOs to combat corruption in Georgia. UI joined the coalition.
- Presentations on financial legislative principles and status were made to the Zestaponi Rayon Council Councils Association, city coordinators, and the Youth Association.
- Conference on Local Budget and Revenues drafts with the participation of CoE, Chancellery, UI, MoF, Ministry of Justice, local representatives and other interested parties was held.

### **Association Building**

- Created the National Support Center for Association Building in the former AIE office. The aim of the center is to assist and strengthen the associations interested in local government issues.
- A database of registered associations has been created
- UI assisted with the founding of the Association of Mayors and Gamgebelis of Georgia with the help of Association of Independent Experts on Self-Governance of Georgia
- The Urban Institute together with GTZ is financing publishing the newsletter of associations of City Self-Governments of Georgia.
- UI financed a study-trip to Sweden for the Mayor of Gori who is the head of Gamgeoba, Association of City Self-Governments of Georgia.
- UI is assisting Zestaponi Rayon Sakrebulo Association in holding monthly visit seminars in selected villages in Zestaponi Rayon.

### **Cooperation with Other Donors**

- Establishing cooperation with other international organizations: GSIF, Project Harmony, PA Consulting, IFES and IRI, KFW

### **State Department Visit**

- Washington State Department and AID representatives visited in Mtskheta on September 21. They met with the Council Chairman as well as Gender and Youth Group members and toured the park

### **Potential Study Trip**

- At the suggestion of Dr. Cate Johnson, a proposal was prepared for a Study Trip to Poland on Community Development to be funded by Worldwide Learning.

### **Information Technology**

- Network installation in Ozurgeti rayon financial department
- Computer installation at Gori for rayon and city financial departments and Mayor's office
- Training at Lagodekhi for Information Center on advanced networking issues
- Started to work on developing Customer Database program for Communal Service departments

### **Performance Management**

- Performance Management program implementation has been initiated in five new cities: Gori, Gurjaani, Kvareli, Borjomi and Akhaltsikhe



- Service Improvement Action Plan of Poti water department has been developed and presented to the city Sakrebulo.
- PMP presentation has been conducted in the cities Gori, Borjomi, Akhaltsikhe.
- Preliminary technical and financial assessment of the water departments has been conducted and survey questionnaires have been developed and distributed for Gurjaani, Akhaltsikhe, Gori and Borjomi water departments.
- Questionnaires have been developed and distributed for Gurjaani, Zestaponi and Kvareli Cleaning Departments.
- Volunteers groups were selected in Gori, Gurjaani and Kvareli
- Trained Observer Rating training was conducted in Gori, Kvareli and Gurjaani
- The first round of street and park cleanliness rating and service focused survey was conducted in Gori, Kvareli and Gurjaani
- The second round of street and park cleanliness and service focused survey was conducted in Lagodekhi, Ozurgeti, Poti, Zestaponi and Mtskheta
- Service Improvement Action Plans were developed in Ozurgeti and Poti
- Mtskheta and Zestaponi working groups started to develop Service Improvement Action Plans for Cleaning department

### **Housing Associations**

- Conducted HOA Informational meetings in Khashuri and Tkibuli
- Drafted sample of HOA one year action plan (almost every HOA has adopted action plans)
- HOA's have conducted several repairs with their own resources
- 5 Ozurgeti HOAs established HOA association "Anaseuli"

### **In Kind Contributions**

- Started working on Lagodekhi small repair projects
- Purchased materials for Ozurgeti HOA and youth hospital renovation projects

### **Youth Associations**

- Created Youth Groups in Gori and Ambrolauri
- Youth Groups began small project preparations in Lagodekhi, Ozurgeti, Poti, Mtskheta and Zestaponi
- Joint Activities were planned with Youth Employment Summit – Georgia.

### **Community Development**

- Began work on Poti Community Development Plan



## II. PROGRESS OF MAJOR ACTIVITIES

### Financial Management

- More than twenty-five jurisdictions in the country contacted UI wishing to cooperate in the budgeting and financial management sphere. An assessment of the new cities was conducted based on multiple criteria. UI decided to include at least ten jurisdictions in the reform of the budgeting system. This includes five cities from the east and five cities from the west of Georgia.
- Ten local governments are split into two groups. Each group will go through the training series of three two- or three-day workshops. The first workshops were held for both groups. The topics of the workshops included elements of modern financial management, budget execution and control, budget structure and process, procurement practices and new program budget format.
- The implementation of the elements of program budgets has started in Gori, Samtredia and Kaspi. The new formats for the budget requests were distributed among the accountants of each spending unit. The outreach training was provided for the accountants. Several follow-up visits have been conducted to collect the budget requests, to make necessary corrections and to teach the representatives of the financial departments to use the software to process budget requests.
- The software for the accounting/financial management systems has been delivered and installed in the cities of Samtredia, Gori, Ambrolauri, Kaspi and Rustavi. The outreach training is completed in Gori and Samtredia in the city as well in the rayon financial departments. Results of the training are very satisfactory. Furthermore, Gori rayon financial department is asking for the network version of the software to cover the financial transactions for the entire rayon. Training is ongoing in Ambrolauri and Rustavi.
- Preliminary work for the improvement of the water departments' financial systems has been conducted in Gori, Gurjaani, Borjomi and Akhaltsikhe. The financial management system has been tested in the Poti water department and proved to be successful.
- Access-based software has been developed for the processing of budget requests at the initial stage of drafting the program budget. The software enables local government financial departments to eliminate completely manual work in the process of developing the program budgets.
- GIPA is a major partner of UI LGRI in the establishment of a sustainable educational institution, which will provide a base for the further dissemination of the reforms in the



budgeting and financial management sphere through providing high quality education for the local government department at GIPA and also through the training center operating within the school. UI LGRI financial management staff has delivered three courses in financial management and budgeting and micro- and macroeconomics.

- The abstract for the case study about the Lagodekhi city budget reform has been accepted by the International Journal For Public Administration for publication in late spring. The UI budget and finance team leader together with a representative of the UI Washington office, Ritu Nayyar-Stone, drafted the paper in close cooperation with the local government representatives. The paper talks about the entire process of reforming the budget as well as the current budgeting techniques used by the rest of the local governments in Georgia and the changes and innovations implemented by the Lagodekhi city local government.
- Developing of Budget software was finished and implemented for Kvareli region. This region's budget was entirely done with the new software and all practical changes were made to the final version.
- On September 5, the local government of the city of Ozurgeti made a presentation on the financial results of their first six months. The presentation was attended by about 200 citizens of Ozurgeti, local NGOs, the director of the local Energy Supply Company, the head of the rayon's tax department, the deputy governor of Guria, and the Ozurgeti rayon Gamgebeli. The presentation was opened by the Ozurgeti city mayor. He stated that the city budget was executed by 61%. Income tax was executed by 87%, profit tax – 50%, property tax – 27%, land tax – 12%, tax for entrepreneurship – 57%, different types of fees – 30%, parking fee – 17%, incomes from issued licenses for different activities – 40%. The Ozurgeti Sakrebulo chair talked about problems existing in self-governance. He also mentioned about property problems between central government and self-government. The Deputy Ozurgeti city mayor reported about activities implemented in communal service sphere. Representatives of NGOs concerned problems delivering water to the city and problems existing in energy supply sphere. The Deputy governor of Guria and Ozurgeti rayon Gamgebeli made speeches as well. They talked about perspectives of Ozurgeti rayon development. The Ozurgeti city mayor thanked UI for supporting the city of Ozurgeti.

## Legislation

In the field of legislation it was relatively difficult to work and make progress as the Parliament went on holidays and the political parties and factions were all very busy due to forthcoming Parliamentary elections. However, we organized a number of meetings to educate key people about the need for laws and the principles that should be followed. These included:

- Presentation for the members of Zestaponi Rayon Councils Association on the draft Budget Law



- Presentation for city coordinators on local legislative issues
- Conference on Local Budget and Revenues drafts with the participation of CoE, Chancellery, UI, MoF. Ministry of Justice, local representatives and other interested parties.
- Presentation for Youth Association on local legislation

Training was provided to the staff of the Social Infrastructure Fund staff on local legislation issues and the Organic Law.

UI joined the coalition of NGOs to combat corruption in Georgia organized by ABA together with the Anticorruption Bureau.

### **Association Building**

The UI is closely cooperating with the Association of City Self-Governments of Georgia. The association was founded in March 2003. It is mainly working on improving legislation at this moment. The association is publishing a periodical newsletter, which is funded by GTZ and the Urban Institute. The head of Gamgeoba of the Association, Paata Chkheidze, was one of the nominated candidates to be sent to Sweden in order to participate in an international study program to learn about National and Regional Associations of Local Authorities in Sweden. Organizational issues were arranged by SALA IDA, and his expenses were paid by UI.

Zestaponi Rayon Sakrebulo Association has started an initiative of holding monthly visit seminars in the villages of Zestaponi Rayon. The speakers cover topics that are crucial for the local Sakrebulos. The Urban Institute assists the association in holding these monthly seminars by providing handout materials, involving UI's expert and by financial support.

Some associations are active in raising the issue of legislation problems. Association of Kakheti Regional Sakrebulos has expressed a will to hold a meeting of representatives of all municipal associations and to address these issues before the parliamentary elections.

We are also cooperating closely with the Council of Europe in their program to establish an association that will include all levels of government and be recognized by the central government. They will be holding a series of seven workshops over the next year.

### **Local Coordinators**

Eight more coordinators were selected and hired after conducting interviews with three candidates from each city. Candidates were presented by local Sakrebulos and Gamgeobas. Cities: Akhaltsikhe – N. Kurdadze, Borjomi – K. Siradze, Gurjaani – E. Chitiashvili, Gori – E. Japiashvili, Kvareli – G. Toronjadze, Rustavi – M. Chkhartishvili, Khashuri – N. Jobadze. There are now 12 coordinators.

Two coordinators' training sessions were conducted. Training for old coordinators was held in Poti in July, then training for old and new coordinators in Mtskheta in September. IFES trainer conducted training-seminar on elections for all coordinators. The coordinators presented plans of their activities for elections on the last day of training. Cate Johnson and Lado Gorgadze attended this presentation. After the training they stated that they better understand their role and responsibility and that now they have clear mission and understanding of their future plans.

### **Cooperation With Other Donors**

- We met with the deputy director of the Georgian Social Investment Foundation (GSIF) Shalva Kokochashvili to discuss forms of future cooperation. In their proposal to the World Bank as an implementer of one of the components of the capacity building part was envisaged UI LGRI. Several meetings with them as well as with USAID representatives took place and it was recommended that UI train a GSIF contractor NGO, which would train village communities within their project.
- By initiative of UI and USAID, a meeting with IFES, IRI and USAID representatives took place in UI's Tbilisi office on September 8 regarding the UI youth congress planned for October 3, 4, and 5. Those organizations provided us with valuable comments and suggestions; IFES agreed on participation in the congress.
- A meeting was held with USAID and NDI representatives and the deputy mayor, information center and financial department heads in Ozurgeti on July 8. The meeting was about the upcoming parliamentary elections and the situation in the regions related to them. Later we moved to the UI Ozurgeti branch office and had a meeting with a citizens' group about the upcoming elections as well. Lado Gorgadze from USAID and Tinatin from NDI were interviewing a group of 10 people regarding their opinion and expectations from the elections. We visited children's hospital park, where UI is going to implement a small project on the park. CARE funded the renovation of the hospital.
- USAID partner organization PA Consulting asked for cooperation in terms of disseminating their informational materials in the regions. We plan to cooperate in this respect using information centers as well as UI local coordinators.

### **Lagodekhi**

- Lagodekhi city government arranged a public hearing on park project priorities. The meeting was attended by about 60 citizens of Lagodekhi, including youth club members. City local government made several statements, which reflected their negative attitude toward considering public opinion in identifying the priorities through surveying citizens as well as toward UI's approach. The Youth Club carried out a survey, which produced results contrary to the city's position. We will arrange a meeting in October with the city and USAID to discuss future plans.



## State Department Visit

- Washington State Department representatives asked to meet with local government representatives. The meeting took place on September 21 in Mtskheta. The Mtskheta council chairman, youth club representatives and gender mobilizer in Mtskheta met with two state department representatives, Cate Johnson from USAID, UI Chief of Party and UI Assistant Chief of Party. After the meeting we visited Mtskheta's central park and discussed the process of planning an implementing the park rehabilitation project.

## Information Technology Assistance

- A network was installed at Ozurgeti Regional Fingan to share the network version of the accounting software SuperFin. Training on network basics was held for the staff. After the training staff were capable of solving small network problems independently.
- Three computers were installed at Gori. Two in the Rayon and City Fingans to use accounting software SuperFin. One computer was installed at Gori Mayor's Office. Together with future users of these computers UI installed computers and checked users' ability to use these PCs properly. All the computers are used efficiently.
- Training was held for Lagodekhi Information Center staff on advanced networking and security issues. After the training staff were capable of solving all networking problems independently.

## Elections

The Urban Institute has designed and launched its parliamentary election program. The program consists of two phases and continues for 6 weeks (Sept 22 - October 31). Phase One (first two weeks) is the training and planning process: program implementers are trained in election-specific issues and requested to submit their ideas/action plans for the election program. The following groups are considered as implementers: The Urban Institute's local coordinators (13 cities), Gender Mobilizers' Group (5 cities), Youth Groups (8 cities) and Local Governance Associations. Training was already conducted for local coordinators and Gender Mobilizers' groups. The youth groups will be trained at the "National Youth Congress" planned for October 3-5 in Gudauri. A special meeting will be organized for local governance associations in order to discuss election problems/issues and agree on concrete actions/events. As a result of Phase One (by October 3), a comprehensive election plan will be created including activities of all implementing groups and all thirteen cities.

Phase Two (next 4 weeks) will be dedicated to implementation. City coordinators will be responsible for organizing/arranging all planned events by youth groups, Gender Mobilizers' Group and Local Governance Associations. The activities planned for the elections are:

1. **Meetings with majority candidates.** The Youth groups will invite majority candidates (ex and new candidates) for debates. The ex-candidates will be asked to present the work preformed since they where elected. The new candidates will present their plans and strategy for implementation.
2. **Debates among youth groups on election specific topics.** The debates will be organized in several schools. Youth groups will be invited to participate in debates on election topics. As a result of the debates, youth will be more educated on the election process issues and problems.
3. **Neighborhood meetings and literature distribution.** The youth groups, local coordinators and gender mobilizers will organize neighborhood meetings to discuss issues and the importance of voting. They will also organize distribution of literature.
4. **Gender Mobilizers' Group (GMG) meeting with internal party women groups.** GMG will meet those parties that have internal party women groups. The goal of the meeting will be to discuss the concrete programs addressing women issues and plan strategy for its implementation.
5. **Cooperation with election partners.** The Urban Institute will provide its recourses (offices) and staff (local coordinators, GMG, youth groups) for election partner programs
6. **Volunteer actions/demonstrations.** Youth Groups will organize a photo exhibition and painting competition on election topic. They will also assist Central Election Committee (CEC) in their work as volunteers. The goal of the activities is to demonstrate youth interest in parliamentary elections, mobilize citizens and motivate them to participate in the elections.

## Water Departments

### City of Gori

UI met with the Gori city mayor and the head of the water department. We informed them about activities that we are going to implement in the Gori water department and provided information about Service Improvement Action Plans, the computerized accounting program "SuperFin" and the customer database program. City authorities are ready to cooperate with us to implement PM program in the water department. We gave questionnaires to the head of the water department. Municipal Development Fund is going to fund the city with the \$500,000 to build the other headwork with gravity flow, but funding is postponed.

### City of Borjomi

UI met with the Borjomi Sakrebulo chair, city mayor and head of the water department. We discussed possibilities to implement PM program in the water supply enterprise.

The head of the water department informed us that GTZ under the Borjomi-Kharagauli Preserve Rehabilitation Project created a corporation for rehabilitation of the water supply and sewerage systems of the water companies of the cities Borjomi, Akhaltsikhe, Adigeni, Khashuri, Bagdati, Kharagauli. The first stage envisages rehabilitation of the head works. The second stage envisages rehabilitation of the city network. According to the city mayor, these cities are united



in the corporation as members, and the corporation envisages to spend 200,000 EUR for the first stage. We have discussed cooperation with GTZ and agreed that we would provide technical assistance.

#### City of Akhaltsikhe

UI met with the Akhaltsikhe city mayor, the head of communal service and the head of the water department. We introduced components of the Performance Management Program. The city mayor said that he is not going to delegate the management of the water supply enterprise to the corporation and he is ready to cooperate with us to introduce a computerized accounting system and an accurate billing and collection system. The head of the water department said that the corporation is going to spend 900,000 EUR for the rehabilitation of the three head works. The water enterprise has three head works with gravity flow. They can obtain 238 l water per second.

#### City of Poti

We presented the Service Improvement Action Plan of the Poti water department. The presentation was attended by the Poti Sakrebulo secretary, the deputy head of city infrastructure service, the head of the water department, members of the Sakrebulo infrastructure commission, representatives of the TV Company "Ninth Wave" and journalists from several newspapers.

UI asked the Poti Sakrebulo secretary to discuss the SIAP at a Sakrebulo session and take it into account when approving the city budget for 2004. UI gave an interview to the local TV Company.

### **Performance Management**

During the first half of July, PMP presentations took place in Gori, Akhaltsikhe and Borjomi. The presentations were attended by: the City Mayor, the Deputy City Mayor, Sakrebulo members, the head of the Cleaning Department, the head of the Water Department, journalists, the local TV company, and NGO representatives. We introduced LGRI activities and made PMP presentations. All three cities expressed a desire to implement the PMP project in the Water Department and the Cleaning Department.

#### Cleaning Departments

#### City of Poti

UI met working group members to discuss the SIAP for the Poti Cleaning Department. We talked about putting rating and survey results into the SIAP. We found that the Cleaning Department is 92% funded from the city budget and only 8% is income from industrial customers. The Cleaning Department serves 30 streets out of 172. It serves 105 multi-story buildings and 55 private organizations. The cost of service is 264000 GEL, while budget funding is 216000 GEL. The estimated tariff calculation shows that the cost of collecting 1 cubic meter of garbage is 3.50 GEL, but they cannot charge their customers because they do not have a tariff

approved by the city Sakrebulo. UI advised the head of the Cleaning Department to prepare and present a new tariff to the City Sakrebulo for approval as soon as possible. We asked the working group to analyze the financial situation of the enterprise for the last three years and put it into the SIAP.

#### City of Ozurgeti

We met working group members to discuss the SIAP for the Ozurgeti Cleaning Department. We found that the Cleaning Department is funded from the city budget (48000 GEL) and income from customers is 1600 GEL. As it turned out, there was no financial analysis of the enterprise in the SIAP. Information about the financial situation has been provided and put into the SIAP.

The second round of street cleanliness solid waste collection rating in Ozurgeti was conducted at the end of the first phase of the project “CLEAN CITY”. If we compare Trained Observer Rating results before the project started (February 2003) and TOR results after the first phase of the project, which is the first three months (July 2003) there are some improvements. Before starting the project, 19% of the streets in Ozurgeti were considered very clean, 57% clean and 24% needed urgent attention. After the first phase, at the end of the third month of the project implementation, results are as following: 21% of streets are very clean, 59% clean and percentage of dirty streets decreased from 24% to 19%. After UI assistance, Ozurgeti communal service department increased coverage of service delivery on 20%, more streets were added based on street rating results; a schedule for the garbage truck was established and announced to the population.

#### City of Gurjaani

We met the head of the Gurjaani Cleaning Department. The Cleaning Department has a contract with city self-governance for 38400 GEL to clean central streets of the city. The Cleaning Department serves 30 streets out of 74. The cost of collecting 1 cubic meter of garbage is 9.95GEL and the cost of 3000 square meters is 20 GEL. The service tariff rate for residential customers is .25 GEL per person per month. The Cleaning department serves approximately 1500 families. For industrial customers they have a fixed price from 5 GEL to 10 GEL. It depends on customer's yearly turnover. The Cleaning Department has 20 small bins and 20 big bins. It owns 3 garbage trucks and 1-wheeled tractor.

After selection of the volunteers group for conducting street and park rating in the city, this group started to work on identifying problems regarding service delivery in the city. They had several meetings, started to work on developing the proposal for installing garbage bins and benches in the city. The proposal was presented to the City Mayor and the City Council. After that it was submitted to UI for assisting with the implementation of this project.

#### City of Kvareli

We met with the head of the Kvareli Cleaning Department. The Cleaning Department has a contract with city self-governance for 36000 GEL to clean central streets of the city and 13000



GEL for planting trees and gardens. The Cleaning Department serves 6 streets out of 125. The cost of collecting 1 cubic meter of garbage is 4.97GEL (VAT is not included) and the cost of cleaning 1 square meter street is not calculated. The head of the Cleaning Department said that they are going to present to the city of Sakrebulo new tariffs for approval. The tariff rate for residential customers is 0.20 GEL per person per month. The Cleaning Department has no garbage bins in the streets. The Cleaning Department owns 3 garbage trucks and 1 street cleaning car.

## Gori

UI met with the Gori communal Service department head, Nukri Khutsishvili, and discussed the idea of developing a Customer Database Program, which will help the service provider make customer service effective and improve management. Gori will be the city where we are going to test this program. Gori city representatives expressed readiness to cooperate in this process.

## Housing Associations

Eighty people from 67 buildings attended the HOA Informational Meeting in Tkibuli city. The Tkibuli Mayor opened the sessions with a short introduction. The informational meeting showed that the HOA creation process would be very difficult in Tkibuli. In almost every building more than 60% of the local inhabitants have abandoned their flats. Therefore UI and city officials agreed on the following: UI will stop the HOA project in Tkibuli, but will provide guidebooks, case studies and training for local government officials.

The Informational Meeting in Khashuri city was attended by 26 people from 14 buildings. The Khashuri Mayor opened the sessions with a short introduction. There was a significant number of questions from meeting participants at the end of the presentation. The meeting showed that multi-story buildings have many problems and lack organized joint actions. Many attendants thanked us for the interesting meeting and expressed their readiness to cooperate. Local Governance is ready to cooperate with HOA and to allocate some funds (in the case of positive results) for HOA repairs.

At the meeting with the chair and consulting commission members of Ozurgeti HOA "Ertoba", a one-year action plan was discussed. UI presented the topics of what the plan should include and HOA members, with some amendments, started to fill out the form. We traveled to the HOA building and discussed the topics with some other HOA members. At the end of the day, we already had a work plan so the HOA chair, Vakhtang Kostava, organized an HOA meeting for the next day, at which the Association adopted it.

The Ozurgeti Bidding Commission members gathered at the Ozurgeti Information Center, on July 3, 2003 to take bids. Two Ozurgeti and two Batumi construction firms presented their proposals by the deadline: "Levan Mgeladze", "Di-No" LTD, "Electron Lux" LTD and "Impression Kavkasus" LTD



After discussing the applications, the committee resolved the following: "Electron Lux" LTD will purchase material for Ozurgeti 5 HOA roof partial repair and the Youth Hospital Park renovation. The criterion for choosing "Electron Lux" LTD was least material cost.

The Zestaponi HOA "Imeri" started entrance repair with its own resources. Almost 30 people from the building came out and worked to fix the entrance ground, clean walls and then paint them. HOA bought paint, cement, Emulsion, sand and other materials. UI's local coordinator in Zestaponi, Lali Shiukashvili, has prepared a TV broadcast on the subject.

### **In Kind Contributions**

On August 7, there was a meeting of the tender committee for Lagodekhi "Tsatskhvebi" park, Youth Stadium and Sakrebulo fee collection room repair projects, for announcing the best application for the tender. The contract has not been awarded yet because we are reviewing the justification.

The Zestaponi Park bid winner JSC "Zestaponmsheni" has started some preparation work although we do not have a contract signed with them. Chairs were installed, cleaning of the colonnade was undertaken, huts were constructed and the stadium was restored so far. UI met with the company's director and thanked him for his enthusiasm. The contract has been approved and will be signed soon.

Bidding materials for Lagodekhi garbage bins and benches installation and HOA projects are prepared but are awaiting resolution of issues regarding Lagodekhi's participation in the project.

UI met with the Terjola rayon Gamgebeli and with city officials. They expressed their readiness to cooperate and stated that they are familiar with the UI LGRI project through the Zestaponi program and would be happy to see it implementing in Terjola. However, it seems more appropriate to consider this city for the next program because of its small size. We will, however, invite officials to training activities.

### **NGO Coordination**

After the NGO round table organized by the city Information center in Ozurgeti, a proposal was prepared for conducting civic education activities in 10 villages of the Ozurgeti rayon. The information center will start the project upon financing.

Kvareli, Gurjaani and Lagodekhi and Akhaltsikhe coordinators hosted NGO round tables in their cities. Two issues – citizen participation and involvement in a public event cleaning day and establishing citizens' advisory board – were discussed. NGOs seemed excited to form such a body being sure that it would foster government accountability and be a guarantee for citizens' active involvement in government activities. NGOs confirmed their readiness for active cooperation with UI. Such coordination meetings will be conducted once a month.



A week after the NGO round table, the Akhaltsikhe coordinator, Gamgebeli and NGO representatives organized an unprecedented cleaning day in the city. About 2,500 citizens, as well as school children took part. The whole city was cleaned. Organizers agreed to make this a regular event and conduct such days at least once every two months. The Gurjaani coordinator and NGO representatives conducted a sanitary day in one of the city parks. The city Gamgebeli provided gas and garbage truck, the communal service provided tools, and UI financed a lunch for about 30 citizens working in the park.

After a coordinators' training in Mtskheta on September 30, the Borjomi coordinator with the support of the city Gamgeoba organized a sanitary day in the city. The major part of the city was cleaned. About 100-130 citizens were involved, including school children, elderly citizens and school teachers. As citizens stated, it was the first large-scale public event conducted in the city. The city Gamgeoba provided gas for three garbage trucks and the communal service provided tools and workers.

### **Community Development Planning**

Aleksandra Czyzewska, UI's Community Development Resident Advisor, arrived on the July 21.

We have been working with the City of Poti to develop a plan. There were several meetings with Mogeli Tsebuchava and the Working Group to expand the Advisory Group and to prepare a Community Profile.

A meeting was held with the Head of Sakrebulo and 1<sup>st</sup> Deputy Mayor who expressed support for the community based planning process.

Three successful meetings were held in Poti with broad representation of the community:

- with 14 NGOs
- with 10 local businesses
- with 20 public administration

during which they expressed their interest to participate in a community planning team, accepted the process steps and shared preliminary problems and needs.

Poti authorities did not understand the role of the Advisory Group at the beginning of our cooperation, recommending only public administration representatives. With our support they have expanded the Advisory Group with representatives of the citizens, NGOs and local business.

A short-term consultant has been hired to facilitate the planning process and to prepare a guidebook of international and national funds.

The Community Development Advisor has prepared the first part of a Handbook on Community Development Plan model.

Other activities included attendance at two meetings of the Advisory Group regarding the World Bank project for Tbilisi – strategy development, held at the Tbilisi City Hall.

### **Youth Programs**

- Creation of Youth Groups in Gori and Ambrolauri

UI Local Coordinators of Gori and Ambrolauri identified local youth interested in local governance and created youth groups.

- Rating of Streets and Parks in Gurjaani, Kvareli and Gori

TOR training was conducted for the youth groups in all three cities. Afterwards, they conducted rating in their cities: 40 streets and two parks in the city of Gori, 34 streets in Gurjaani and Kvareli each. It is remarkable that the streets rating in Gurjaani and Kvareli were conducted while it was raining, which did not prevent the volunteers from continuing with their job. Gori youth representatives collected comments from the citizens during the rating process and prepared their recommendations for the Communal Service Department.

- Youth Groups' Small Project Preparations in Lagodekhi, Ozurgeti, Poti, Mtskheta and Zestaponi.

**Lagodekhi:** Youth Group prepared a draft of its Presentation Brochure, the first issue of the Youth Newspaper, and a proposal for Small Projects' Program - Putting garbage bins and chairs in the streets. Also, Youth Group started the implementation of their first small project – the renovation of a small stadium.

**Ozurgeti:** Youth Group prepared a draft of a brochure about ecology, a booklet with pictures describing problems of the city and started working on a TV Program, which will be dedicated to the parliamentary elections.

**Poti:** Youth Group prepared proposal for Small Projects' Program concerning TV programs.

**Mtskheta:** Youth Group prepared a draft of its Presentation Brochure.

**Zestaponi:** Started working on the small project – to make handmade garbage bins and put them in the streets. In addition, they started planning to organize a competition between schools on cleanliness

- Joint Activities with Youth Employment Summit – Georgia.

YES – Georgia has proposed to cooperate and implement joint activities with youth groups and the planning has started. The Youth Employment Summit (YES) Country Network in Georgia is a collaboration of youth organizations, NGOs, individuals and other groups working to prepare for the Global Youth Employment Summit and the Decade Campaign of Action that will follow.

### **Public Information**

- Guidelines about lobbying were drafted for the local government lobbying group
- The brochure on citizen participation in the budget was updated and prepared for printing
- The brochure about freedom of information has been updated
- A guide for citizens about resisting corruption has been drafted
- Wide publicity was provided for the UI/LGRI-sponsored conference of the Georgian cities local governments' associations. Positive articles about the conference and UI/LGRI activity have appeared in two big Georgian dailies "Resonance" and "Dilis Gazeti"
- A template of the case studies for the project has been prepared, as well as the draft case study about the LGRI park project
- The handout, including Georgian legislative framework of local governance, roles of City Councils/executives and coordinators' relationships with them, has been prepared and given to the newly hired local coordinators during their training
- Preliminary negotiations were held with the Eurasia foundation officer in charge of information centers about joint work with UI/LGRI for developing the program of information centers sustainability
- The City Council of Marneuli has been informed about the UI/LGRI programs and the city expressed interest in participating



CITY	Program	Progress of activities
<b>Mtskheta</b>	Performance management	Second round of streets and park rating conducted by youth volunteers group Working on SIAP of Mtskheta communal service is in progress Second round of service-focused survey by volunteers' group is in progress
	Youth	Preparation for youth congress completed; congress will take place in Gudauri on October 3, 4, and 5.  Assisting NGG (New Generation Georgia- IRI) in creating library for youth in several regions of Georgia
	Program Budget	Budget was developed for 2003. Assistance will be provided if needed this year.
	Accounting	Superfin is installed and used by the rayon financial department
<b>Lagodekhi</b>	Performance Management	Second round of streets and park rating and service-focused survey is conducted by youth volunteers group
	Small projects	Lagodekhi park project winner identified and announced
	Water	Questionnaires for SIAP developed and submitted to water department. They are filled out by water department and need to be reviewed together with UI.
	Youth	Youth project on stadium started – winner identified and announced
	HOA	Three Lagodekhi condominiums developed and adopted one-year action plan and executed some repair work with their own resources.
	Program Budget	Budget was developed for 2003. Assistance will be provided if needed this year.
	Accounting	Superfin is installed and used by the rayon and city financial departments
<b>Zestaponi</b>	Small projects	Zestaponi park repair project – sent to Washington for approval
	Performance Management	Service focused survey is in progress Street and park rating is completed
	HOA	Four Zestaponi condominiums developed and adopted one-year action plan. They are also collecting monthly fee and conducting little repair works. They are meeting regularly.
	Youth	
	Program Budget	Budget was developed for 2003. Assistance will be provided if needed this year.
	Accounting	Superfin is installed and used by the rayon and city financial departments

<b>Poti</b>	<b>CDP</b>	Met with working group Work plan developed Part-time expert identified New budget to be drafted
	<b>Performance Management</b>	Second round of streets and park rating conducted by youth volunteer group. Draft SIAP developed, finalized and submitted to UI for translation. Council will adopt it at next session.
	<b>Water</b>	Completed computerized international accounting standard in Poti water department Customer database program installed in Poti water department. Local system administrator trained in software. Testing of software has taken place and changes are made in software. Second test will take place on October 1. With working group developed SIAP of water department and presented to local government.
	<b>Youth</b>	Assisting in registering as an NGO
	<b>Program Budget</b>	Budget was developed for 2003. Assistance will be provided if needed this year.
	<b>Accounting</b>	Superfin installed and used by the city financial department

### Community Development Team activities according to cities and programs

<b>Gurjaani</b>	Water	Questionnaires for SIAP developed and submitted to water department. Filled out and submitted to UI, from October will start drafting of SIAP
	Performance Management	First round of streets and park rating conducted by youth volunteer group Service-focused survey completed and results submitted for analysis. Results of rating and survey will be presented to city government, communal service and interested parties.
	Small projects	Communal service started work on small projects focused on improving cleaning and water supply of the city
	Youth	Youth volunteer group formed and participates in PM program
	Agreement with city/coordinator	Agreements signed by city/rayon Coordinator hired
	Accounting	Software will be installed and training will be provided
<b>Kvareli</b>	Performance management	First round of streets and park rating conducted by youth volunteer group Service-focused survey completed and results submitted for analysis. Results of rating and survey will be presented to city government, communal service and interested parties.
	Small projects	Communal service started work on small projects focused on improving cleaning and water supply of the city
	Youth	Youth volunteer group formed and participates in PM program
	Agreement with city/coordinator	Agreements signed by city/rayon Coordinator hired
	Program Budget	Budget was developed for 2003. Assistance will be provided if needed this year.
	Accounting	Superfin installed and used by the city financial department



<b>Gori</b>	Performance management	First round of streets and park rating is conducted by youth volunteers group Service focused survey completed and results submitted for analysis. Results of rating and survey will be presented to city government, communal service and interested parties. Informational company project budget submitted to UI for review. Communal service started to work at sample of agreement for citizens and service provider
	Small projects	Cleaning department started to develop informational campaign designed for keeping city clean and paying cleaning fees.
	Youth	Youth volunteer group formed and participates in PM program (Ratings)
	Water	Questionnaires for SIAP developed and submitted to water department. They are filled out and submitted to UI. Working at water fee calculation has been completed.
	Program Budget	Program budget for 2004 is in the process of development.
	Accounting	Software is installed and training is completed.
	Agreement with city/coordinator	Agreements signed by city/rayon Coordinator hired
<b>Akhalsikhe</b>	Performance Management	PM presentation conducted and service areas defined  Second round of program will start in mid-October
	Water	Questionnaires for SIAP developed and submitted to water department. Answers received, SIAP drafting will start after conducting service-focused survey on water.
	Agreement with city/coordinator	Agreement submitted for signing Coordinator hired
	Program Budget	Program budget for 2004 will be developed.
	Accounting	Software will be installed and training will be provided
<b>Borjomi</b>	Performance Management	PM presentation conducted and service areas defined Second round of program will start in mid-October
	Water	Questionnaires for SIAP developed and submitted to water department. They are filled out and will be submitted to UI next week. SIAP drafting will start after conducting service-focused survey on water.
	Agreement with city/coordinators	Agreement signed by city/rayon Coordinator hired





	Program Budget	Program budget for 2004 will be developed.
	Accounting	Software will be installed and training will be provided
<b>Rustavi</b>	Performance management	
	HOA	
	Accounting	Software installed and training is in the progress
	Agreement with city/coordinator	Agreement submitted for signing Coordinator hired
<b>Ambrolauri</b>	Accounting	Software installed and training is in progress
<b>Samtredia</b>	Program Budget	Program budget for 2004 is in the process of development.
	Accounting	Software is installed and training is completed
<b>Khashuri</b>	Program Budget	Program budget for 2004 will be developed.
	Accounting	Software will be installed and training will be provided
<b>Zugdidi</b>	Program Budget	Program budget 2004 is in the process of development
	Accounting	Software is installed and training is in progress
<b>Kaspi</b>	Program Budget	Program budget 2004 is in the process of development
	Accounting	Software is installed and training is in progress
<b>Bagdadi</b>	Program Budget	Program budget for 2004 will be developed.
	Accounting	Software will be installed and training will be provided
<b>Chokhatauri</b>	Accounting	Software will be installed and training will be provided
<b>Sagarejo</b>	Accounting	Software will be installed and training will be provided
<b>Tkibuli or Terjola</b>	Accounting	Software will be installed and training will be provided

### III. DELIVERABLES AND REPORTS

- Training materials for the new round of the intensive budget and financial management series.
- Program budgets are in the draft stage in the cities of Gori and Samtredia.
- Course outlines and syllabi for the financial management and economics courses have been prepared and handed to GIPA.
- Article for the International Journal of Public Administration has been finalized and will be published in the magazine
- Power point presentation on Legislation.
- Video tape of SIAP presentation in Poti
- Signed requests for assistance with UI and all partner cities

### IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

The forthcoming parliamentary elections represent the major problem hindering legislative activities, as all the political parties are busy with pre-election campaign.

Although NGOs present at the NGO round table in Lagodekhi were very excited about establishing a Citizens' Advisory board in their city, they encountered negative attitude and strong resistance from the Sakrebulo secretary regarding this issue.

#### **V. WORK PLANNED FOR NEXT REPORTING PERIOD**

- Four regional financial management workshops will be held for the representatives of the elected officials, executives and professional staff of the UI LGRI partner cities and rayons. Workshops are bi-monthly and will cover all the major topics of modern financial management
- Elements of the program budgets will be implemented in seven more local governments in Georgia. The reform process includes the use of the new chart of accounts, development of programs, creation of performance measures and inclusion of the elements of the strategic plans
- All program budgets will go through the process of citizen participation, including public budget hearings, advance notices and other informational campaign in order to provide sustainability for the program budgets and disseminate information among the other local governments.
- The installation of the accounting software and according trainings will take place in the financial departments of fifteen more local governments. The process of completion of the training series will be finished within seven months. All fifteen jurisdictions will be engaged in the process in the next two months.

#### **VI. SPECIFIC ACTION REQUESTED**

None at this time.